



The Massachusetts Health Connector: Mission and Challenges

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Today's Focus



- Background on the Health Connector
- Challenge: Withdrawal of Federal Cost Sharing Reductions for Non-Group Members
- Discussion and Questions

The Massachusetts Health Connector



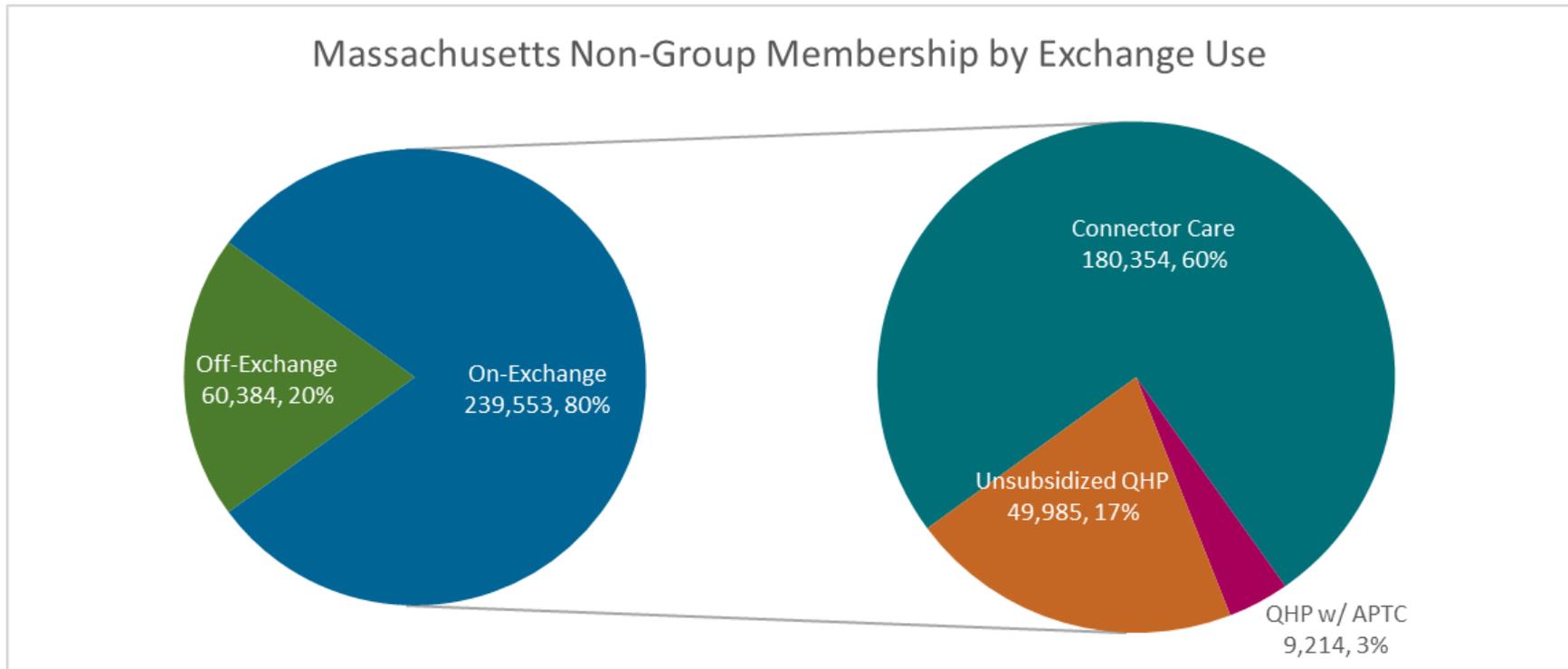
The Health Connector's primary role is a marketplace where consumers can easily compare insurance plans from different carriers.

- Established by Chapter 58 of the Acts of 2006
- Became state's ACA-compliant Marketplace in 2014
- Quasi-public authority governed by eleven-member Board
- 50+ full time employees
- Sells non-group and small group coverage in the form of Qualified Health Plans (QHPs)
- Other responsibilities include
 - Oversight of student health insurance
 - Policies related to the MA individual mandate
 - Outreach to the uninsured



Health Connector Membership

The Health Connector's insures roughly 80% of those who buy their coverage independent of an employer group, mostly through the subsidized ConnectorCare program.



ConnectorCare Premium Subsidies

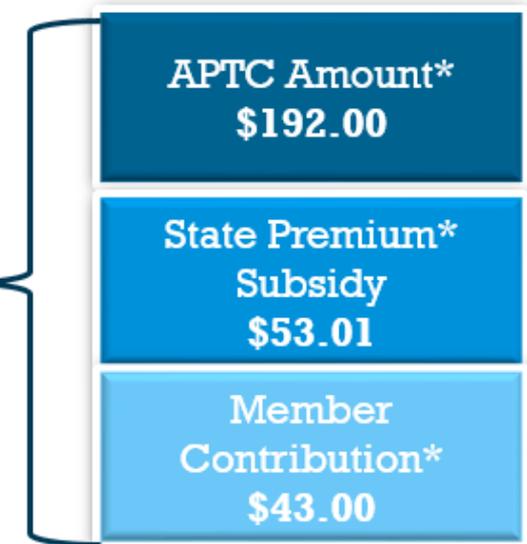


ConnectorCare supplements federal Advance Premium Tax Credits (APTC) with state subsidies to create a more affordable program for eligible MA residents.

- Staff analyze price competitiveness, provider and facility access, and experience with serving the subsidized population when selecting ConnectorCare carriers
- The resulting suite of ConnectorCare plans provide an essential path to coverage for nearly 180,000 state residents
- ConnectorCare subsidies, like federal APTCs, are available exclusively through the Health Connector

Sample ConnectorCare Subsidy Calculation

Cost of Underlying
Lowest Cost Silver Plan
\$288.01*



*Reflects the cost of subsidizing the lowest cost plan for a 42 year old living in Worcester in Plan Type 2B (150-200% FPL). Note: the Member Contribution equals the state affordability schedule amount for that income cohort because this example is subsidizing the lowest cost silver plan available to this person.

ConnectorCare Cost Sharing Subsidies



Plan Feature/Service	Standard Silver Plan
Annual Deductible – Combined (Individual/Family)	\$2,000/\$4,000
Annual Out-of-Pocket Maximum (Individual/Family)	\$7,350/\$14,700
PCP Office Visits	\$30
Specialist Office Visits	\$50
Rehabilitative Occupational and Rehabilitative Physical Therapy	\$50
Emergency Room	\$700✓
Urgent Care	\$50
Outpatient Surgery	\$750✓
Inpatient Hospitalization	\$1,000✓
High-Cost Imaging	\$500✓
Laboratory Outpatient and Professional Services	\$25✓
X-rays and Diagnostic Imaging	\$25✓
Durable Medical Equipment	20%✓
Skilled Nursing Facility	\$1,000✓
Prescription Drug - Retail Tier 1	\$20
Prescription Drug - Retail Tier 2	\$60
Prescription Drug - Retail Tier 3	\$90✓
Prescription Drug - Mail Tier 1	\$40
Prescription Drug - Mail Tier 2	\$120
Prescription Drug - Mail Tier 3	\$270✓

ConnectorCare combines state and federal cost sharing subsidies to reduce the out-of-pocket costs of enrollees in addition to reducing monthly premiums.

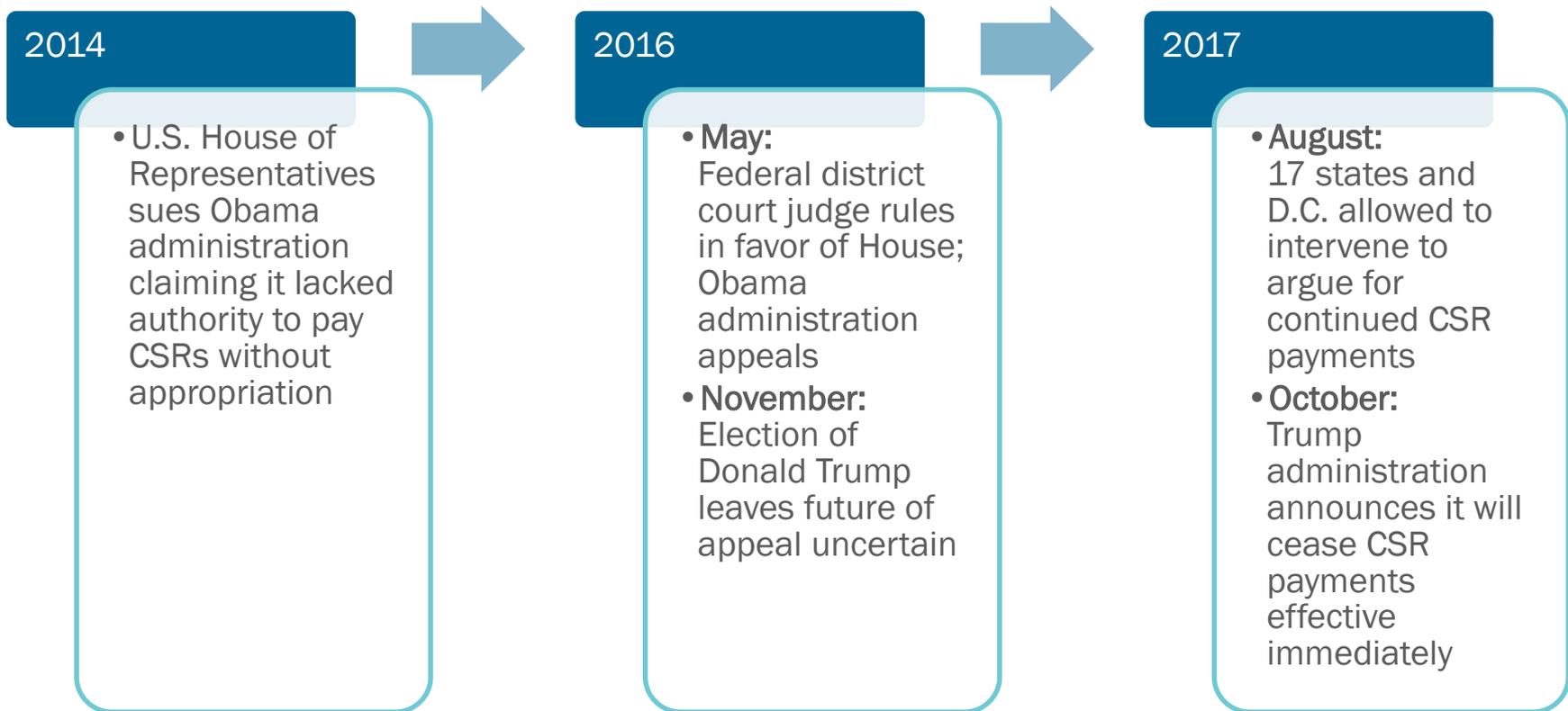


ConnectorCare Benefits & Co-pays				
Plan Type		Plan Type 1	Plan Types 2A & 2B	Plan Types 3A & 3B
Medical Maximum Out-of-Pocket (Individual/ Family)		\$0	\$750/\$1,500	\$1,500/\$3,000
Prescription Drug Maximum Out-of-Pocket (Individual/ Family)		\$250/\$500	\$500/\$1,000	\$750/\$1,500
Preventive Care/Screening/Immunization		\$0	\$0	\$0
Primary Care visit to treat injury or illness (exc. Well Baby, Preventive and X-rays)		\$0	\$10	\$15
Specialist Office Visit		\$0	\$18	\$22
Mental/Behavioral Health and Substance Abuse Disorder Outpatient Services		\$0	\$10	\$15
Rehabilitative Speech Therapy		\$0	\$10	\$20
Rehabilitative Occupational and Rehabilitative Physical Therapy		\$0	\$10	\$20
Emergency Room Services		\$0	\$50	\$100
Outpatient Surgery		\$0	\$50	\$125
All Inpatient Hospital Services (including Mental/Behavioral Health and Substance Abuse Disorder Services)		\$0	\$50	\$250
High Cost Imaging (CT/PET Scans, MRIs, etc.)		\$0	\$30	\$60
Laboratory Outpatient and Professional Services		\$0	\$0	\$0
X-Rays and Diagnostic Imaging		\$0	\$0	\$0
Skilled Nursing Facility		\$0	\$0	\$0
Retail Prescription Drugs:	Generics	\$1	\$10	\$12.50
	Preferred Brand Drugs	\$3.65	\$20	\$25
	Non-Preferred Brand Drugs	\$3.65	\$40	\$50
	Specialty High Cost Drugs	\$3.65	\$40	\$50

✓ Indicates that this benefit is subject to the annual deductible before the copay

ConnectorCare Cost Sharing Reductions (CSRs)

The ACA requires issuers to reduce out of pocket costs when low to moderate income individuals receive services, but Congress has never appropriated funding for them.



CSRs and Impact on Lead Up to OE



The Health Connector and its carrier partners faced a significant challenge as it prepared for 2018 Open Enrollment – monthly uncertainty as to whether federal CSRs would continue to be paid.

- Throughout spring, summer, and early fall, the Health Connector partnered with the Division of Insurance (DOI) and carriers to develop two alternative pathways, using two sets of rates, to account for this risk, with the goal of protecting coverage to the extent possible
- A bipartisan bill to appropriate CSRs was introduced in the Senate but was never passed into law
- The Health Connector submitted a request for flexibility to the federal government under Section 1332 of the ACA to fund a Premium Stabilization Fund in lieu of receiving CSRs

CSR Withdrawal Strategy

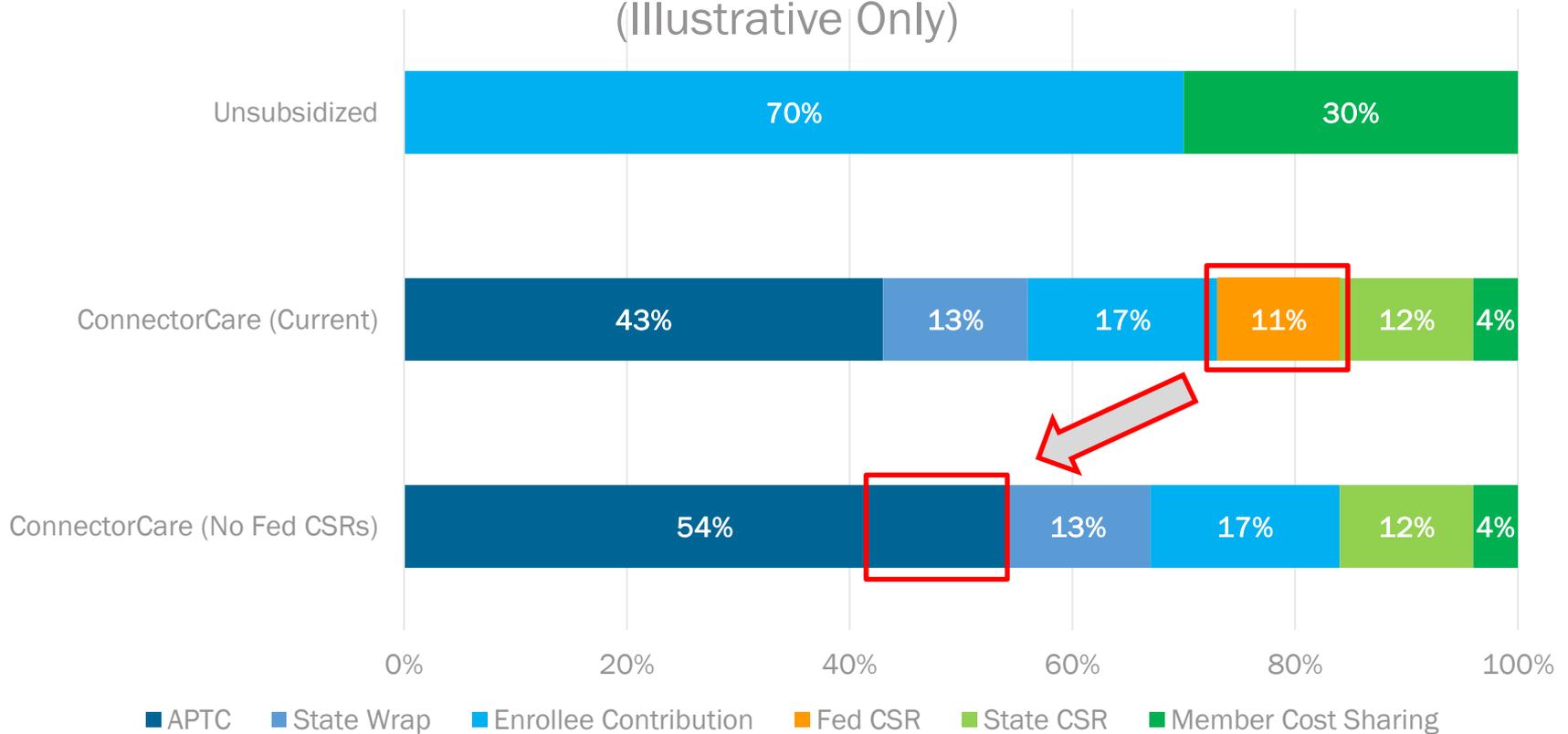


The Commonwealth's strategy is similar to other states in that it relies on increased premium subsidies to offset the loss of CSRs.

- The ConnectorCare program incorporates multiple financial sources that must, in total, cover the full cost of coverage:
 - Premium: Federal premium tax credits, state premium subsidy (“wrap”) and enrollee contributions
 - Cost Sharing: Federal CSRs, State CSRs and member payments at point of coverage
- In practice, a decrease in one funding source can be offset by an increase in another funding stream
 - In the case of a withdrawal of federal CSR funding, an increase in premium can result in the growth of APTC, offsetting the loss

CSR Withdrawal Strategy (cont'd)

Silver Tier Financial Components (Illustrative Only)



Implementation

Since higher rates would be harmful if CSRs were continued, but essential if they were not, the Health Connector sought to maximize flexibility in responding to federal developments.

- The federal government announced late on October 12 that it would immediately cease Cost Sharing Reduction payments
- The Health Connector and the Division of Insurance quickly shifted course to adopt usage of the “CSR withdrawal loaded” Silver tier non-group QHPs, and working with carriers to finalize details, publicly announcing the shift on October 19 - 12 days before the beginning of OE
- This strategy allowed the carriers participating in ConnectorCare to make up for the missing federal revenue to continue to offer affordable plans to low and middle income individuals, and sought to isolate the disruption to the greatest extent possible in the market

Member Impact of Federal CSR Loss and Resulting Rate Increases



A total of 161,000 Massachusetts residents were benefitting from federal CSRs when the federal government made its announcement to end them.

- Our reaction strategy will allow our ConnectorCare members, whether they received federal CSRs or not, to be largely held harmless as a result of the increase in APTC and the design of the program
- For APTC-only members in the impacted Silver tier plans, the CSR-related increases will be largely held harmless by corresponding increases in APTC
- However, all 2017 Unsubsidized Silver tier members from the five impacted carriers are facing premium increases that account for regular market trends plus an additional ~18 percent of “CSR withdrawal load”
- Unsubsidized silver plan enrollees will experience the full impact of these premium increases
- Affordability of plans is a significant member concern

Member Impact of CSR Loss and Resulting Rate Increases - 2018

Unsubsidized members do not have premium subsidies to offset “federal CSR withdrawal loaded” rates; approximately 80,000 members were projected to be unsubsidized in 2018 as of October.



- 147,000 ConnectorCare members largely held harmless by CSR rate load
- Members not in the lowest cost plan will pay a higher rate than they would have if lower rates were used

- 80,000 members bear full premium increase
 - 50,000 moving out of ConnectorCare
 - 30,000 unsubsidized in 2017

- 2,800 members in plans from ConnectorCare carriers largely held harmless because APTCs will increase with rates

- 5,100 members in Silver tier plans from non-ConnectorCare carriers were not affected by the rate load
- Members in these plans receiving APTCs would receive more than they would have if lower rates were used

'Full-Steam Ahead' Approach to Open Enrollment and Our Mission



The Health Connector remains fully committed to the stability of our programs and our commitment to coverage, outreach, affordability, and maximum support for our members.

- While federal changes and unpredictability remain an ongoing challenge, Massachusetts and the Health Connector remain committed to operating a supportive, engaged, and easily accessible marketplace for current members and those newly in need of coverage
- The Health Connector's Open Enrollment period ran longer than the federal OE (ended January 23 rather than December 15)
- The Health Connector is fully funding its outreach and marketing efforts, with a continued focus on the most high-need areas of the Commonwealth
- Continued stewardship of key policy supports in our market that support market stability, such as the state individual mandate
- Continued improvements to the member experience (e.g., formulary search)



Questions?

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